

0100815027

DONELAN, CLEARY, WOOD & MASER, P.C.

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October 13, 1995 001 13 1995 AM

Via Hand Delivery

Honorable Vernon A. Williams

Secretary

Interstate Commerce Commission

Washington, D.C. 20423

Dear Secretary Williams:

Enclosed for recordation, under the provisions of 49 U.S.C. § 11303(a) and the regulations promulgated thereunder are executed original counterparts of a Security Agreement ("Security Agreement"), a primary document not previously recorded, dated October 13, 1995, between The First National Bank of Maryland, a national banking association ("Debtor") and Aid Association for Lutherans, its successors and assigns ("Secured Party").

The names and addresses of the parties to the enclosed documents are as follows:

SECURED PARTY	-	Aid Association for Lutherans 4321 North Ballard Road Appleton, Wisconsin 54919-0001
DEBTOR	-	The First National Bank of Maryland 25 South Charles Street Baltimore, Maryland 21201

A general description of the railroad equipment covered by the enclosed document is attached hereto as Exhibit A. Pursuant to the Security Agreement, Debtor grants a security interest in the railroad equipment described in Exhibit A hereto and in that certain Railroad Equipment Lease (the "Lease") dated May 26, 1995 between The David J. Joseph Company, as lessor, and Chicago and North Western Railway Company, as Lessee, which Lease has been assigned to Debtor by The David J. Joseph Company, pursuant to a Memorandum of Assignment and Assumption Agreement, dated as of June 29, 1995, and which has been recorded with the Commission and assigned Recordation No. 19514-B. Pursuant to that certain Assignment of Lease and Rents, dated as of August 24, 1995, from Debtor, as Assignor, to and for the benefit of Secured Party, as Assignee, the said Lease has been assigned, as collateral security, to the Secured Party by the Debtor. A Memorandum of the said Lease, which covers the same railroad equipment as described in Exhibit A hereto, has been recorded with the Commission and assigned Recordation No. 19514.

Also enclosed is a remittance in the amount of \$21.00 for the required recording fee.

Counterparts - 12/11/95

19665

LICENSING DIVISION

OCT 13 10 52 AM



Interstate Commerce Commission

Washington, D.C. 20423-0001

10/13/95

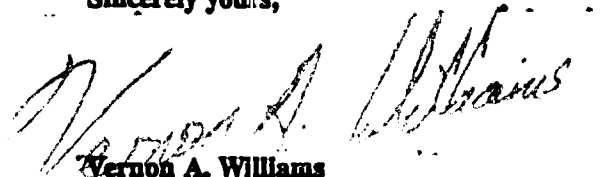
Office Of The Secretary

John K. Maser III
Donelan, Cleray, Wood & Maser, P.C.
1100 New York Avenue, NW., Ste. 750
Washington, DC., 20005-3934

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/13/95 at 10:55AM , and assigned recordation number(s). 19665, and 19814-D.

Sincerely yours,

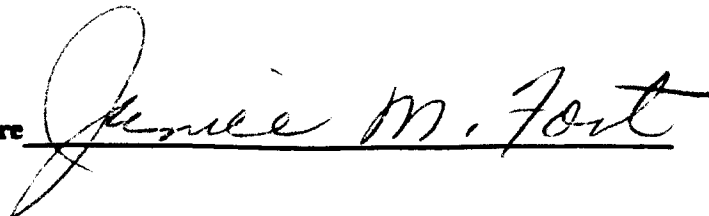

Vernon A. Williams
Secretary

Enclosure(s)

(0100815027)

\$ 42.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



19665
OCT 17 1995

SECURITY AGREEMENT

AGREEMENT, dated October 13, 1995, between THE FIRST NATIONAL BANK OF MARYLAND, a national banking association ("Debtor"), having its principal place of business and mailing address at 25 S. Charles Street, 15th Floor, Baltimore, Maryland 21201 in favor of AID ASSOCIATION FOR LUTHERANS, its successors and assigns (the "Secured Party") having its principal place of business at 4321 North Ballard Road, Appleton, Wisconsin 54919.

WHEREAS, Debtor has agreed to deliver this Security Agreement to Secured Party pursuant to that certain Secured Note Purchase Agreement between Debtor and Secured Party, dated as of August 24, 1995 (the "Note Purchase Agreement"), and the Secured Non-Recourse Note(s) issued pursuant thereto (the "Notes") as a condition precedent to Secured Party's extending credit to Debtor pursuant to that Note Purchase Agreement;

NOW, THEREFORE, to induce the Secured Party to extend credit to Debtor, Debtor agrees as follows:

Article I
Creation of Security Interest

1. Debtor hereby grants to Secured Party a security interest in the railroad cars described in Exhibit A hereto attached and any and all substitutions, replacements, modifications, additions and accessions thereto or therefor to which Debtor acquires title and the proceeds thereof, including without limitation, insurance proceeds (the "Cars").

2. In addition, Debtor hereby grants to Secured Party an assignment of and security interest in all of Debtor's rights in and to the Railroad Equipment Lease (including all Riders and Schedules thereto, the "Lease") dated May 26, 1995 between The David J. Joseph Company, as Lessor, and Chicago and North Western Railway Company, as Lessee (the "Lessee"), a Memorandum of which has been recorded with the Interstate Commerce Commission on July 5, 1995 and assigned Recordation No. 19514 and is attached hereto as Exhibit B, which Lease has been assigned to Debtor pursuant to a Purchase and Sale Agreement dated June 29, 1995 between The David J. Joseph Company and Debtor, and any and all subleases of the Cars, including without limitation any and all rents, reserved rents, proceeds of sale from sale of the Cars, amounts payable by the Lessee in lieu of rent during periods of rental abatement, and any and all other amounts due under the Lease, but excluding in all cases the Excluded Rights and Excluded Payments, as hereinafter defined (hereinafter together with the Cars called the "Collateral"). All sums received shall be held by Secured Party under that certain Assignment of Lease and Rents made as of August 24, 1995 executed by the Debtor in favor of the Secured Party (the "Assignment"), and so long as no

Event of Default (as defined in the Note Purchase Agreement) has occurred and is continuing, or, which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, all such rents and other sums shall be paid and applied as provided in the Notes and the Note Purchase Agreement.

3. The Collateral is given to secure all of the Debtor's obligations under the Notes and the Note Purchase Agreement, all of Debtor's obligations and liabilities arising out of Debtor's covenants, warranties and representations contained herein or in any of the other Loan Documents (as defined herein) (the "Obligations").

4. Notwithstanding the foregoing, so long as no Event of Default (as defined in the Lease) shall have occurred and be continuing, the interests of Secured Party in the Cars shall be subject and subordinate to the Lessee's interest in the Cars under the Lease, and the Secured Party shall not disturb the Lessee's quiet use and possession of the Cars.

5. For the purposes of this Security Agreement, the Note(s), the Note Purchase Agreement, the Assignment and all of the other documents, agreements and instruments entered into in connection herewith and therewith (collectively, together with any amendment or modifications thereto, the "Loan Documents"), the term "Excluded Rights and Excluded Payments" shall mean the right to receive the rental payments due prior to August 1, 1995 and, in addition, any and all of the following:

(a) all payments of any indemnity under the Lease or any of the other documents, instruments or agreements entered into in connection therewith (collectively, the "Operative Agreements"), and all interest in respect thereof, which by the terms thereof are payable to the Debtor (but not those payable to the Secured Party as an additional indemnitee);

(b) any insurance proceeds payable under public liability policies maintained by the Lessee pursuant to the Lease which by the terms of such policies or by the terms of the Lease are payable directly to the Debtor (but not those payable to the Secured Party as an additional indemnitee), and any proceeds of insurance maintained with respect to the Cars by the Debtor in excess of the Casualty Settlement Value of such Cars;

(c) all rights of the Debtor under any Operative Agreement to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor all on account of any such indemnities or payments referred to in paragraph (a) above and to seek legal or equitable remedies to require the Lessee to maintain the insurance coverage referred to in paragraph (b) above, provided that the rights referred to in this paragraph (c)

shall not be deemed to include the exercise of any remedies provided for in Section 16 of the Lease other than the right to proceed by appropriate court action, either at law or in equity, to enforce performance by the Lessee of such indemnities or insurance covenants or to recover damages for the breach thereof;

(d) if any Event of Default based solely on a breach of any covenant of the Lessee to pay any indemnity referred to in paragraph (a) above or to maintain any insurance referred to in paragraph (b) above shall occur and be continuing, the right of the Debtor to exercise the remedies, but only those remedies provided for in Section 16 of the Lease, to enforce, by appropriate court action, either at law or in equity, performance by the Lessee of any covenants of the Lessee to pay any such indemnity or payment directly to the Debtor or to maintain such insurance or recover damages for the breach of any such covenant;

(e) the right of the Debtor, but not to the exclusion of the Secured Party, as provided in any Operative Agreement (i) to receive from the Lessee notices, certificates and other documents and information which the Lessee is required or permitted to give or furnish to the Debtor pursuant thereto, (ii) to inspect the Cars and all records relating thereto, (iii) to exercise its rights to perform for the Lessee under Section 11 of the Lease, (iv) to cause the Lessee to perform such acts as may be requested by the Debtor pursuant to Section 8 of the Lease, and (v) to grant such consents, approvals and waivers as may be required or permitted to be made or given by the Debtor under the Operative Agreements; and

(f) whether or not an Event of Default has occurred and is continuing, all rights of the Debtor, to the exclusion of the Secured Party, to compromise or waive any right, remedy or benefit pursuant to subparagraphs (a) and (b) hereof or to modify, amend or waive any provision pertaining thereto; and

(g) whether or not an Event of Default has occurred and is continuing, all rights of the Debtor to assign any or all of its rights, obligations, title or interest under the Lease in accordance with Section 20(e) of the Lease; provided, however, that (i) the assignee agrees to be bound by all of the terms of the Lease, this Agreement, the Note Purchase Agreement, the Note(s) and the Assignment, (ii) such assignee executes prior to any such assignment such agreements as Secured Party may reasonably require to evidence such assumption and continue the perfection of Secured Party's liens and security interest in Collateral, and (iii) such assignee has a net worth of at least \$50,000,000.

Article II
Debtor's Covenants, Representations and Warranties

The Debtor covenants, represents and warrants that:

1. The Cars are leased to Lessee pursuant to the Lease. Except for (i) the security interests granted hereby, and (ii) Lessee's rights under the Lease, Debtor is the sole owner of the Collateral, which is free and will remain free of any lien, security interest or encumbrance created by or through the Debtor (other than the rights of The David J. Joseph Company which have been subordinated to Secured Party to Secured Party's satisfaction), and Debtor will defend the Collateral against all such claims and demands, which Secured Party deems to be adverse to its interests, of any person at any time claiming the same or any interest therein.

2. The Cars constitute goods which are mobile and which are of a type normally used in more than one jurisdiction and the Debtor has its chief executive office in Maryland. The Debtor shall not change the location of its chief executive office without notifying the Secured Party in advance. The Debtor will take no action to permit the Cars to be maintained other than in accordance with the terms of the Lease, and the Debtor will not take any action to permit the Cars to be wasted, misused, abused or to deteriorate, or be used in violation of any law, ordinance or regulation of any governmental authority insofar as it adversely affects the value of the Cars or the security interests granted hereunder.

3. All taxes and assessments upon the Collateral or its operation or use shall be paid by Lessee or out of the Collateral.

4. At its option, and without any obligation to do so, Secured Party may discharge or pay any taxes, liens, security interests, or other encumbrances at any time levied or placed on or against the Collateral or Debtor in breach of this Agreement, and may pay for insurance on the Collateral and may pay for its maintenance and preservation. Debtor agrees to reimburse Secured Party on demand for any such payment made, or expense incurred, pursuant to the foregoing authorization.

5. The Collateral will not (except as provided in this Security Agreement) be sold, transferred, substantially modified (except to the extent permitted in or required by the Lease), pledged, assigned, hypothecated, further encumbered or disposed of by the Debtor, without the prior written consent of the Secured Party.

6. Debtor shall execute from time to time, alone or with Secured Party, any Security Agreements, UCC Financing Statements, UCC Continuation Statements or other documents and do such other

acts considered by Secured Party to be reasonably necessary or desirable to perfect or protect the security interests hereby created. All cost and expenses (including without limitation reasonable fees and expenses of counsel and filing fees) related to the preparation and filing of any Security Agreements, UCC Financing Statements, UCC Continuation Statements or other documents related to the perfection or protection of the security interests hereby created shall be paid if not by the Lessee under the Lease then out of the Collateral. If Debtor shall fail to execute such documents following a request to do so, Debtor hereby authorizes Secured Party as Debtor's agent and attorney in fact to execute and file in any appropriate office Security Agreements, UCC Financing Statements, UCC Continuation Statements and similar instruments signed by Secured Party alone. A carbon, photographic or other reproduction of a financing statement or this or any other security agreement shall be sufficient as a financing statement.

7. The Debtor has delivered to Secured Party the original Lease assigned hereunder. All other copies of the Lease in existence are marked on their faces and signature pages to indicate their status as non-original copies only.

Article III Events of Default

Debtor shall be in default under this Security Agreement upon the happening of any default or Event of Default as set forth in the Note Purchase Agreement.

Article IV Secured Party's Remedies

Subject to the limitation provided in Article V hereof, the following shall apply:

Upon an Event of Default hereunder and so long as it is continuing, Secured Party shall have the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the State of Wisconsin and all other applicable laws. Without limiting the generality of the foregoing, Secured Party may, upon an Event of Default hereunder, exercise the following rights and remedies:

1. Secured Party may peaceably by its own means or with judicial assistance enter the premises where any Collateral is located and take possession of the Collateral, or render it unusable, or dispose of the Collateral on such premises, and Debtor will not resist or interfere with such action.

2. Secured Party may require Debtor to assemble all or any part of the Collateral and make it available to Secured Party at any place within the continental limits of the United States designated in a notice sent to Debtor and consistent with the return provisions of the Lease.

3. Debtor hereby agrees that a notice sent to it at least ten (10) days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be deemed to be reasonable notice of such sale or other disposition.

4. If any Event of Default (as defined in the Lease) has occurred and is continuing, subject to Debtor's right to cure Lessee's defaults as set forth in the Note Purchase Agreement, as assignee of Debtor's interest in the Lease, exercise any or all of the rights and powers and pursue any or all of the remedies provided for in the Lease (excepting only Excluded Rights and Excluded Payments).

5. Secured Party may incur attorneys' fees and expenses in exercising any of its rights and remedies upon default, which fees and expenses shall become part of Secured Party's expenses of retaking, holding, preparing for sale and the like. Debtor will reimburse Secured Party on demand for all such expenses.

6. Debtor agrees that if any warranty or representation contained herein should prove to be untrue or incorrect in any material respect when made, notwithstanding any other provisions contained herein or in any other agreement between the Debtor and Secured Party, the Secured Party may at its option terminate this Agreement and accelerate the loan made in connection with this Agreement, and Debtor shall pay to Secured Party the principal amount due on the Note(s) together with accrued interest, plus costs and expenses incurred by the Secured Party arising out of enforcement of this provision.

Article V Standstill

Notwithstanding any provision hereof to the contrary, the Secured Party agrees that:

1. If it shall proceed to exercise any of the remedies set forth herein, it shall, to the extent that it is entitled to do so hereunder and under the Lease (pursuant to the collateral assignment by Debtor under the Assignment), prior thereto or concurrently proceed to exercise any and all of the similar remedies set forth in the Lease; provided, that the requirement to exercise such Lease remedies shall not apply in circumstances where such exercise has been involuntarily stayed or prohibited

by applicable law or court order for a continuous period in excess of one hundred twenty (120) days (the "Standstill Period").

2. Any Event of Default arising pursuant to Section 15(d) of the Lease (a "Bankruptcy Default") shall not result in an Event of Default hereunder so long as (i) from and after the 121st day after the imposition of any stay, or similar prohibition of actions pursuant to such Bankruptcy Default (a "Stay") all existing Events of Default are cured and no other Events of Default shall occur and remain uncured, in each such case, by either Debtor or Lessee, or (ii) the Secured Party otherwise agrees to an extension of the Standstill Period.

3. To the extent Debtor exercises its rights to cure any Events of Default or events which, with the giving of notice of passing of time or both, constitutes an Event of Default after a Bankruptcy Default, the exercise of such rights will not limit the cure rights otherwise available to Debtor under the Note Purchase Agreement.

Article VI Miscellaneous

1. The remedies contained herein are in addition to those granted by Debtor to Secured Party in the Note Purchase Agreement as to the Collateral which is the subject of this Agreement. No delay or omission of the Secured Party to exercise any remedy shall exhaust or impair any remedy of the Secured Party, nor shall any waiver by the Secured Party extend to or be taken to affect any subsequent default. No remedy hereunder is intended to be exclusive of any other remedy, but shall be cumulative to any and every other remedy to which the Secured Party is entitled. The Secured Party shall not be required first to look to, enforce or exhaust any other security, collateral or guarantees.

2. This Security Agreement shall be deemed delivered in the State of Wisconsin and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of Wisconsin.

3. Any notice or notification required to be given or may be given by mailing such notice, postage prepaid, or sent by facsimile transmission, to Debtor's address as it appears at the beginning of this Security Agreement.

4. All the terms, conditions and covenants of this Security Agreement shall inure to the benefit of and bind the successors and assigns of the respective parties hereto.

5. This Security Agreement may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

6. Two or more duplicate originals of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument.

7. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Lease.

Article VII Non-Recourse

Notwithstanding any provision of the Loan Documents to the contrary, the Obligations shall be satisfied solely out of the Collateral (as defined in the Loan Documents). Without limiting the generality of the foregoing, the Debtor shall have no liability to make any payments under this Agreement, the Note(s), or any of the other Loan Documents whatsoever except from the Collateral. In addition, the Debtor:

(a) makes no representation or warranty as to, and is not responsible for, the due execution, validity, sufficiency or enforceability of the Lease or the other Operative Agreements by or against any party thereto (other than the Debtor), or of any of the parties' (other than the Debtor's) respective obligations thereunder, and

(b) shall not be responsible for the performance or observance by any party (other than the Debtor) of any of their respective agreements, representations, indemnities, obligations or other undertakings under the Lease, or other Operative Agreements, it being understood that as to all such matters Secured Party will look solely to its rights under this Agreement, the Note Purchase Agreement, the Assignment, and the other Security Agreements against the Collateral and to Secured Party's rights under the Lease, and the other Operative Agreements against the parties thereto (other than the Debtor) and the Collateral.

This Article shall not apply to the Debtor's obligations under Section 1.4 of the Note Purchase Agreement or to a judgment based upon a finding of fraud or material misrepresentation on the part of Debtor.

IN WITNESS WHEREOF, Debtor has caused this Security Agreement to be duly executed as of the date first above written.

DEBTOR:

THE FIRST NATIONAL
BANK OF MARYLAND

By Roger Weener (SEAL)

Name Roger Weener

Title Vice President

COUNTY OF Baltimore)
STATE OF Maryland) ss.

On October 11, 1995, before me, the undersigned, a Notary Public, in and for said State, personally appeared Roger Weener, known to me to be the Vice President of THE FIRST NATIONAL BANK OF MARYLAND, that executed the within instrument, known to me to be the person who executed the within instrument on behalf of the national banking association therein named, and acknowledged to me that such banking association executed the within instrument pursuant to its bylaws or a resolution of its board of directors, for the purposes and consideration therein expressed.

WITNESS my hand and official seal.

Mary C. Meach
Notary Public, Baltimore County
State of Maryland
My commission: 5/1/99

EXHIBIT A

Twenty (20), 1979 Hawker Siddley-built, 100 ton, 4650 cubic foot, covered hopper railcars bearing reporting marks as follows:

<u>OLD NUMBER</u>	<u>NEW NUMBER</u>
FLIX 2050	CNW 460548
FLIX 2094	CNW 460590
FLIX 2116	CNW 460611
FLIX 2123	CNW 460618
FLIX 2124	CNW 460619
FLIX 2137	CNW 460632
FLIX 2150	CNW 460642
FLIX 2154	CNW 460646
FLIX 2164	CNW 460655
FLIX 2171	CNW 460662
FLIX 2177	CNW 460668
FLIX 2187	CNW 460678
FLIX 2199	CNW 460690
FLIX 2232	CNW 460721
FLIX 2335	CNW 460813
FLIX 2413	CNW 460887
FLIX 2420	CNW 460894
FLIX 2431	CNW 460905
FLIX 2476	CNW 460949
FLIX 2491	CNW 460963

Forty-five (45), 1979 Hawker Siddley-built, 100 ton, 4650 cubic foot, covered hopper railcars bearing reporting marks as follows:

OLD NUMBER

NEW NUMBER

FLIX 2098	CNW 460594
FLIX 2107	CNW 460602
FLIX 2117	CNW 460612
FLIX 2128	CNW 460623
FLIX 2131	CNW 460626
FLIX 2148	CNW 460640
FLIX 2159	CNW 460651
FLIX 2167	CNW 460658
FLIX 2168	CNW 460659
FLIX 2180	CNW 460671
FLIX 2190	CNW 460681
FLIX 2236	CNW 460725
FLIX 2240	CNW 460729
FLIX 2274	CNW 460759
FLIX 2279	CNW 460764
FLIX 2283	CNW 460767
FLIX 2286	CNW 460770
FLIX 2296	CNW 460779
FLIX 2299	CNW 460782
FLIX 2305	CNW 460788
FLIX 2311	CNW 460793
FLIX 2321	CNW 460802
FLIX 2322	CNW 460803
FLIX 2324	CNW 460804
FLIX 2345	CNW 460822
FLIX 2350	CNW 460827
FLIX 2358	CNW 460833
FLIX 2366	CNW 460841
FLIX 2378	CNW 460853
FLIX 2382	CNW 460857
FLIX 2389	CNW 460864
FLIX 2404	CNW 460879
FLIX 2417	CNW 460891
FLIX 2428	CNW 460902

(CONT'D)

FLIX 2433	CNW 460907
FLIX 2436	CNW 460910
FLIX 2441	CNW 460915
FLIX 2450	CNW 460924
FLIX 2452	CNW 460926
FLIX 2463	CNW 460937
FLIX 2466	CNW 460940
FLIX 2471	CNW 460945
FLIX 2481	CNW 460954
FLIX 2482	CNW 460955
FLIX 2498	CNW 460970

EXHIBIT B TO SECURITY AGREEMENT

RAILROAD EQUIPMENT LEASE

BY AND BETWEEN

THE DAVID J. JOSEPH COMPANY

AND

CHICAGO AND NORTH WESTERN RAILWAY
COMPANY

DATED AS OF:

MAY 26, 1995

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EXHIBIT B TO SECURITY AGREEMENT

RAILROAD EQUIPMENT LEASE

THIS RAILROAD EQUIPMENT LEASE (the "Lease"), is entered into as of this 26th day of May, 1995, by and between The David J. Joseph Company, a Delaware corporation (hereinafter referred to as "Lessor") and Chicago and North Western Railway Company, a Delaware corporation (hereinafter referred to as "Lessee").

WHEREAS, Lessee desires to lease from Lessor and Lessor desires to lease to Lessee all of the items of equipment specified in Exhibit A attached hereto (hereinafter collectively referred to as the "Units" and singularly referred to as a "Unit") on the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the mutual premises, covenants and agreements set forth herein, the parties hereby agree as follows:

1. LEASE OF UNITS

Lessor hereby leases to Lessee and Lessee hereby rents from Lessor the Units, to have and to hold the same unto Lessee for the period (the "Term") commencing on the date upon which Lessee accepts or uses the Units, or any Unit, as provided in Section 3 below (the "Commencement Date"), and ending for all Units under this Lease on December 31, 2005 (the "Expiration Date") or the date upon which all of the Lessee's obligations hereunder have been met (the "Termination Date").

2. BASE RENTAL

Lessee agrees to pay to Lessor the amount of rent specified in Exhibit B attached hereto (the "Base Rental") in advance on the first day of each calendar month during the Term, without demand or setoff. The Lessee shall also pay, as additional rent, all such other sums of money as shall become due and payable by Lessee to Lessor under this Lease (the Base Rental and any additional rent due hereunder are sometimes hereinafter referred to as "Gross Rental"). If the Commencement Date is not the first day of the month, a prorated monthly installment shall be paid at the then current rate for the fractional month during which the Commencement Date occurs, such installment or installments so prorated shall be paid in arrears on the first business day of the month following the applicable Commencement Date. All past due installments of Gross Rental shall bear interest from date due until paid at two percent (2%) per annum over the prime interest rate for domestic commercial loans as published from time to time in The Wall Street Journal. This Lease is a "Net Lease" and Lessee shall not be entitled to any

abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to or by reason of, any past, present or future claims of Lessee against Lessor under this Lease or otherwise. It is the intention of the parties hereto that Gross Rental and all other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

3. DELIVERY AND ACCEPTANCE OF UNITS

Lessor will cause each Unit to be tendered to the Lessee at such point or points as are set forth on Exhibit C attached hereto. Within five (5) calendar days of such tender, Lessee will cause its authorized inspectors or representatives to inspect the Units, and if such Units are found to be in good operating order and repair, to accept delivery of such Units (or so many of such Units as are acceptable to Lessee) and to execute and deliver to the Lessor a certificate in the form of Exhibit D hereto, signed by a responsible officer of the Lessee acknowledging the delivery of the accepted Units by Lessor, the conformance of such Units to the requirements of the Interchange Rules of the Association of American Railroads and the acceptance of the Units by Lessee; whereupon such Units shall be deemed to have been delivered to and accepted by the Lessee under this Lease and shall be subject thereafter to all of the terms and conditions of this Lease, and such Lessee's certificate shall be absolutely binding upon Lessee. If any Unit is not deemed by Lessee to be in good operating order and repair, Lessee shall so notify Lessor in a writing that specifies the nature of the defect in the Unit, and Lessor, at its option, may either (i) repair such Unit and immediately upon completion of such repairs the Unit shall be subject to all of the terms and provisions of this Lease; (ii) substitute a piece of equipment that is substantially similar to the acceptable Units delivered hereunder, in which case such substituted equipment shall be a "Unit" and immediately upon Lessee's satisfactory inspection and acceptance of same, such Unit shall be subject to all of the terms and provisions of this Lease; or (iii) delete the defective Unit, in which case the Unit so deleted shall not be subject to the terms and provisions of this Lease. If Lessee has not notified Lessor, in writing, of any defect in any Unit within five (5) calendar days of the date such Unit was tendered by Lessor, or if Lessee uses any Unit prior to delivering a Lessee's certificate of acceptance with respect thereto, on the earlier of the date such Unit is used by Lessee or five (5) calendar days after such tender, such Unit or Units shall be conclusively deemed to be accepted by Lessee and to conform in all respects with the standards of condition and repair set forth in this

Lease. Upon acceptance of the Units, Lessee shall perform repairs as outlined in Section 4 below.

4. REPAIR WORK

(a) Technical Specifications - Repairs on the Units in accordance with technical specifications attached hereto as Exhibit E.

(b) Production Schedule - All repairs shall be performed within twelve (12) months of each Unit's Commencement Date, provided, however, painting of the Units, in accordance with Section I of the technical specifications dated May 26, 1995, attached hereto as Exhibit E, shall be performed by December 31, 1997.

Neither Lessor nor Lessee shall be liable for the failure to perform, or delay in the performance of its obligations hereunder due to any cause, whether foreseeable or not, which is beyond its reasonable control and which, by the exercise of due diligence, such party is unable to prevent or avoid including, without limitation, acts of God, fire, high water, explosions, strikes, labor disputes, civil commotion, breakdown or failure of major equipment, unavailability of parts, unavailability or breakdown of transportation facilities or equipment ("force majeure event"). If either party's performance is affected by a force majeure event, such party (the "affected party") shall give written notice as promptly as possible, but not more than fifteen (15) days following the event, to the other party setting forth the nature and probable duration of the force majeure event, and shall make all reasonable efforts to remove the cause of such force majeure event and resume its performance hereunder. During the continuance of the force majeure event, the obligations of the parties shall be suspended to the extent made necessary by the force majeure event and the completion date shall be extended accordingly.

(c) Inspection and Acceptance of Equipment - Within five (5) business days after Lessee shall give notice to Lessor that a Car is ready for inspection, Lessor shall inspect each completed Car and Lessor may reject a Car if same is not in conformity with the specifications attached as Exhibit E. Any acceptance of a Car by Lessor shall be evidenced by the signature of an authorized representative of Lessor on a Repair Certificate of Acceptance substantially in the form of Exhibit F attached hereto. Each Car so inspected and accepted shall be subject to the conditions of this Lease.

If, within five (5) business days after Lessee shall give notice to Lessor that a Car is ready for inspection, Lessor elects not to inspect or Lessor does not inspect any Car, any such Car not inspected shall be deemed to be accepted by Lessor in its "As Is" condition and such Car not inspected shall be subject to the conditions of this Lease.

(d) Warranties - Lessee warrants to Lessor, its successors and assigns that, with respect to any Car, all materials and workmanship manufactured and/or performed by Lessee pursuant to this Agreement shall be free from defect for a period of one (1) year after acceptance of the Car by Lessor; provided that such defect shall not have been caused by alteration, misapplication, or misuse of any Car by any party other than Lessee and provided further that such warranty shall not require replacement of items due to normal wear and tear. Lessee's obligation under the warranty set forth in the preceding sentence shall be limited to the repair or remedy of the defect at a repair facility at such location as Lessee and Lessor shall select, with such repairs or remedy to be completed within thirty (30) days of receipt of the Car at the repair shop so selected, all at no cost (including, but not limited to cost of repairs, labor, and materials to repair or remedy the defect and cost of transportation of the Car to and from such location) to Lessor or, in any case, where such repair or remedy is made by a railroad in the ordinary course of business without the Car owner's consent, Lessee's obligation under said warranty shall be limited to reimbursement of the cost of such repairs or remedy.

5. MAINTENANCE AND REPAIRS

Lessee, at its sole expense, shall (i) keep and maintain the Units leased hereunder in good working order, condition and repair, be in compliance with applicable AAR and FRA rules and regulations, including maintenance and repairs associated with the outlet gates, hatch covers, special fittings and appurtenant parts, and be free from any and all liens and claims; (ii) install parts on, and make all necessary repairs and replacements to the Units using only new manufacturer made, reconditioned, or secondhand parts which comply with the requirements of the Interchange Rules of the AAR and that conform to the construction of the Units; and (iii) provide all labor, materials, lubricants, parts and other supplies or items consumed by or required, in connection with the use of the Units. In addition to repairs and maintenance otherwise required pursuant to this Section 5, Lessee shall, at its sole expense, repair, replace, clean, oil, test, stencil and otherwise maintain the

Units as required by, and in conformance with, the Interchange Rules of the Association of American Railroads, the FRA Railroad Freight Car Safety Standards, and the Safety Appliance and Power Brake Laws, as the same may be amended from time to time.

Except as otherwise provided herein, Lessee shall not make alterations or modifications to any Unit without the prior written consent of Lessor thereto. Any and all additions to any Unit, and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit, except for such additions, parts and/or replacements which are readily removable and were not on such Unit when such Unit was placed under this Lease, provided, however, that Lessee shall return each such Unit to its original condition whenever such additions, parts and/or replacements are removed, and, without cost or expense to the Lessor, there shall immediately be vested in the Lessor the same interest in such accessions as the interest of the Lessor in such Unit.

6. DISCLAIMER OF WARRANTIES

LESSOR, NOT BEING THE MANUFACTURER OF THE UNITS, NOR THE MANUFACTURER'S AGENT, HEREBY EXPRESSLY DISCLAIMS AND MAKES TO LESSEE NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO: THE FITNESS FOR USE, DESIGN OR CONDITION OF THE UNITS; THE QUALITY OR CAPACITY OF THE UNITS; THE WORKMANSHIP IN THE UNITS; THAT THE UNITS WILL SATISFY THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; AND ANY GUARANTEE OR WARRANTY AGAINST PATENT INFRINGEMENT OR LATENT DEFECTS, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE. LESSOR IS NOT RESPONSIBLE OR LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGE TO OR LOSSES RESULTING FROM THE INSTALLATION, OPERATION OR USE OF THE UNITS OR ANY UNIT. Lessor hereby acknowledges that any manufacturers and/or sellers warranties are for the benefit of both Lessor and Lessee. Lessee's acceptance of delivery of the Units, as provided in Section 3 hereto, shall be conclusive evidence as between Lessor and Lessee that each such accepted Unit is in all of the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against Lessor based on all or any one or more of the foregoing matters.

7. USE OF THE UNITS

Lessee agrees, for the benefit of Lessor, to comply in all respects with all laws or rules of the jurisdictions in which operations involving any Unit subject to this Lease may extend. Lessee shall and does hereby indemnify and hold harmless Lessor from and against any and all liability that may arise from any

infringement or violation of any such laws or rules by Lessee, its agents, employees, or any other person under the control of Lessee. In the event that such laws or rules require any alteration, change, modification or enhancement of any nature whatsoever to the Units or any Unit, Lessee agrees to make such alterations, changes, modifications and enhancements at its own expense and to use, maintain and operate such Units in full compliance with such laws and rules so long as such Units are subject to this Lease, provided, however, that Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the sole opinion of Lessor, adversely affect the rights of Lessor in the Units and hereunder. Lessee agrees not to use the Units outside the United States of America for more than 180 days in any consecutive twelve (12) month period. Lessee agrees to use the Units in a careful and prudent manner, solely in the use, service and manner for which the Units were designed. In the event Lessee uses the Units, or any Unit, for the loading, storage or hauling of any corrosive, hazardous, toxic or radioactive substance or material, Lessee shall assume all liability for, indemnify and hold harmless the Lessor from all costs, claims and expenses for the use of the Units, or any Unit, for the loading, storage or hauling of any corrosive, hazardous, toxic or radioactive substance or material, including the cleaning or restoration of the Unit to a condition acceptable for general use in interchange as well as the removal and disposition of all lading and contents in the Unit, except to the extent the negligent or intentional acts or omissions of Lessor caused or contributed thereto.

Lessee shall be permitted to place the Units in interchange service, provided, however, that Lessee shall not suffer or permit the use of the Units in a manner or for a purpose that is prohibited by or inconsistent with the terms and provisions of this Lease, and Lessee shall in all events continue to be fully liable and responsible in accordance with the terms and provisions of this Lease for the possession, use, condition and operation of such Units, notwithstanding that such Units are being used in interchange by any third party.

8. FILINGS AND MARKS

After receipt of written notice from Lessor, Lessee agrees to prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of, and furnish a copy to, Lessor) any and all reports required to be filed by Lessor with the Association of American Railroads, Federal Railroad Administration and/or the Interstate Commerce Commission. Lessor shall be responsible for filing a Memorandum of Lease with the Interstate Commerce Commission pursuant to 49 U.S.C. Sec. 11303.

Lessee will cause each Unit to be kept numbered with its identifying number as set forth in Exhibit A hereto and all other markings and stenciling required by the Interchange Rules and the Codes of Car Hire and Car Service Rules of the Association of American Railroads, as the same may be amended from time to time. Lessee shall promptly replace any such words or numbers which may be removed, defaced or destroyed. Lessee will not change, or permit to be changed, the numbers on any Unit, except in accordance with a statement of new numbers to be submitted therefor which previously shall have been filed with Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

Each Unit may be lettered in an appropriate manner for convenience of identification of the interests of Lessee therein, provided Lessee has received prior written consent from Lessor and Lessee shall be responsible for the cost of removing such identification. Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on any of the Units as a designation which might be interpreted as a claim of ownership thereof.

9. TAXES AND OTHER ASSESSMENTS

(a) Payment of Assessments. Lessee shall be responsible for, and shall indemnify and hold Lessor harmless from, all taxes (including, without limitation, ad valorem, sales, use or other taxes, duties, impositions, assessments or charges excluding only any federal income taxes of Lessor or any federal, state or local taxes imposed upon or measured by net income of Lessor), currently or hereafter levied or imposed by any state, local, federal or foreign authority (all such expenses, taxes, assessments, charges, being hereinafter called "Assessments") upon or in connection with or measured by this Lease or imposed upon the Units or for the possession, rental, shipment, delivery, use or operation thereof or on the earnings arising therefrom (except as provided above) all of which Assessments Lessee assumes and agrees to pay on demand as additional rent hereunder. Lessee will keep at all times all and every part of the Units free and clear of all Assessments which might in any way affect the title of Lessor to any Unit or result in a lien upon any Unit.

(b) Right to Contest. Notwithstanding anything in this Agreement to the contrary, Lessee shall have the right to contest, at Lessee's sole expense, any Assessment which Lessee reasonably believes is improper or invalid and any undetermined or inchoate claims of materialmen, mechanics, workmen, repairmen and other similar claims arising in the ordinary course of business which are not delinquent (the "Non-Delinquent Claims");

provided, however, that if Lessee contests any such Assessments or Non-Delinquent Claims, Lessee shall post a bond or other security and otherwise take such action as may be necessary to keep at all times all and every part of the Units free and clear of any and all liens except liens which arise by, through or under Lessor's obligations to act or failure to act, and to prevent such Assessments and Non-Delinquent Claims from in any way affecting or encumbering the title of Lessor to any Unit or otherwise resulting in a lien upon any Unit.

10. INDEMNIFICATION

Except as otherwise provided in this Lease, Lessee assumes liability for, and hereby agrees to indemnify, protect and keep harmless Lessor, its employees, agents, successors and assigns from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses, including reasonable attorney's fees, of whatsoever kind and nature, arising out of the possession, use, condition (including but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, leasing or return of the Units or any Unit, regardless of where, how and by whom operated, and regardless of any failure on the part of Lessor to perform or comply with any conditions of this Lease. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Lease. Lessee is an independent contractor and nothing contained in this Lease shall authorize Lessee or any other person to operate any of the Units so as to incur or impose any liability or obligation for or on behalf of Lessor.

Lessor shall not be liable for any loss of or damage to any commodities loaded or shipped in the Units. Lessee agrees to assume responsibility for, to indemnify against, and to hold Lessor harmless from, any claim in respect of such loss or damage and to assume responsibility for any damage caused to any Unit by such commodities.

11. LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS

If Lessee shall fail to duly and promptly perform any of its obligations under this Lease with respect to the Units, and Lessor has given Lessee fifteen (15) consecutive calendar days prior written notice of such nonperformance, then Lessor shall have the option, but not the obligation, to perform any act or make any payment which Lessor deems necessary for the maintenance and preservation of the Units and Lessor's title thereto, and all sums so paid or incurred by Lessor shall be additional rent under this Lease payable by Lessee to Lessor on

demand. The performance of any act or payment by Lessor as aforesaid shall not be deemed a waiver or release of any obligation or default on the part of the Lessee, and Lessee shall continue to be liable for any such performance or payment by Lessor notwithstanding the expiration or earlier termination of this Lease.

12. INSURANCE

Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained with reputable insurance companies (i) property damage insurance in respect of such Units at the time subject hereto an amount as set forth in Exhibit G hereto and (ii) public liability insurance with respect to third-party personal and property damage in an amount as set forth in Exhibit G hereto, and the Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies and subject to such self-insurance as deemed appropriate by the Lessee, but in any event, not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of Units owned or leased by it similar in type to the Units and consistent with prudent Class I railroad industry standards, if any. Any policies of insurance carried in accordance with this Section 12, and any policies taken out in substitution or replacement for any such policies (A) shall provide that the Lessee shall receive 30 days prior notice of such cancellation, (B) shall name the Lessor as an additional insured, (C) shall be primary without right of contribution from any insurance carried by Lessor, and (D) shall provide that the insurers waive any rights of set-off, counterclaim, deduction or subrogation against the additional insured, (E) as to the public liability insurance referred to above, shall provide that in as much as such policies cover more than one insured, all terms, conditions, insuring agreements and endorsements, with the exception of limits of liability and liability for premiums, commissions, assessments or calls (which shall be solely a liability of Lessee), shall operate in the same manner as if there were a separate policy or policies covering each insured, and (F) shall provide that the Lessor, shall not have any responsibility for any insurance premiums, whether for coverage before or after cancellation or termination of any such policies as to the Lessee. Lessee shall use its reasonable efforts to obtain public liability insurance policies which do not invalidate coverage thereof due to any action or inaction of the Lessee or any other person other than the Lessor, but shall be under no obligation to obtain such policies if they are not available to the Lessee at commercially reasonable rates in the markets in which Lessee has placed its insurance program. Promptly upon receipt by Lessee of any notice of cancellation pursuant to clause (A) above, the Lessee shall notify the Lessor

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of such cancellation. In addition, the Lessee shall cause its insurance broker to promptly notify the Lessor of the cancellation of any policy placed by such broker. The Lessee shall, at its own expense, be entitled (so long as no event of default shall have occurred and be continuing) to make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance.

13. RISK OF LOSS

Lessee assumes all risk of loss, damage, theft, condemnation or destruction of the Units, whether direct, indirect, incidental or consequential, including, but not limited to, damages caused by or arising from cornering, sideswiping, derailment, improper or abusive loading or unloading methods, negligent or unfair usage, or similar occurrences while under this Lease. Except as provided in this Section 13, no such loss, damage, theft, condemnation or destruction of the Units, or any Unit, in whole or in part, shall impair the obligations of Lessee under this Lease, all of which shall continue in full force and effect. Whenever any Unit shall be or become worn out, lost, stolen, destroyed or damaged, from ordinary use, neglect, abuse, fire, the elements or any other cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called "Casualty Occurrences") during the Term of this Lease, Lessee shall, promptly after it shall have been determined that such Unit has suffered a Casualty Occurrence, but in any event within thirty (30) calendar days after such Casualty Occurrence, notify Lessor in writing of such Casualty Occurrence. In the event any of the Units suffer a Casualty Occurrence, Lessee at its sole cost and expense shall pay Lessor an amount equal to the accrued Gross Rental for such Units to the date of payment plus a sum equal to the Casualty Settlement Value of such Units, as specified on Exhibit H attached hereto, in which case such Units shall thereafter be deleted from this Lease and Lessor shall deliver to Lessee a warranty bill of sale for such Unit.

14. ANNUAL REPORTS

On or before February 15 of each year during the Term of this Lease, Lessee will furnish to Lessor, in such number of counterparts or copies as may reasonably be requested by Lessor, a Lessee's certificate, as of the preceding December 31, (i) showing the quantity, description and reporting marks of Units then leased hereunder and the quantity, description and reporting marks of all Units that may have suffered a Casualty Occurrence during the preceding twelve (12) months (or since the Commencement Date in the case of the first such Lessee's certificate), and such other information regarding the condition and state of repair of the Units as Lessor may reasonably request, and (ii) stating that, in the case of all Units repaired

or repainted during the period covered thereby, the markings required by Section 8 hereof have been preserved or replaced. Lessor shall have the right, but not the obligation, by its authorized representatives, to inspect the Units and the records of Lessee with respect thereto at such times during Lessee's normal business hours at the applicable location as shall reasonably be necessary to confirm to Lessor the existence and proper maintenance of the Units during the continuance of this Lease.

During the Term of this Lease, Lessee shall provide to Lessor a copy of Lessee's audited financial statements for Lessee's fiscal year end, within ninety (90) days after such fiscal year end; and Lessee shall provide quarterly financial statements upon written request by Lessor.

15. LESSEE DEFAULT

So long as Lessee is not in default hereunder and is complying with the provisions of this Lease, the Lessee shall be entitled to the quiet possession and use of the Units in accordance with the terms of this Lease.

Lessee shall be in default under this Lease upon the happening of any of the following events or conditions (hereinafter referred to as "Events of Default"):

(a) If Lessee fails to pay any sum required to be paid hereunder on or before the due date and such failure continues for a period of five (5) consecutive business days after receipt by Lessee of written notice of such failure to pay;

(b) If Lessee fails at any time to procure or maintain any insurance coverage required by this Lease;

(c) If Lessee fails to observe or perform any of the covenants, conditions and agreements on the part of Lessee to be observed or performed and contained herein (other than the payment of any sums required to be paid hereunder and other than the obligation to procure and maintain any insurance coverage required by this Lease) or any schedule or any supplement or rider hereto, and such default shall continue for thirty (30) days after receipt by Lessee of written notice of such default;

(d) If a petition for relief under Title 11 of the United States Code, as now constituted or as may hereafter be amended, shall be filed by or against the Lessee and, unless, in the case of a petition filed against the Lessee, such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only for as long as such stay shall continue in force or such ineffectiveness shall continue),

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all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been assumed in writing, pursuant to an order of the court, in form and substance satisfactory to Lessor, by the Lessee or a trustee or trustees appointed (whether or not subject to ratification) in such proceeding in such manner that all such Lessee's obligations shall constitute allowed administrative expenses under 11 U.S.C. Section 503(b)(1)(A), within sixty (60) days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. Section 1168, or any successor provision, as the same may hereafter be amended; or

(e) The appointment of a receiver, trustee or liquidator of Lessee or of a substantial part of its property, or the filing by or against the Lessee of a petition under any insolvency laws or for reorganization (other than under Title 11 of the United States Code) and proceedings continue for sixty (60) days after such proceedings shall have commenced.

16. LESSOR'S REMEDIES

Upon the occurrence of any one or more of the Events of Default specified in Section 15 above, and at any time thereafter (unless such Event of Default shall have been waived in writing by Lessor), Lessor may without any further notice exercise any one or more of the following remedies:

(i) Declare all unpaid Gross Rental under this Lease to be immediately due and payable;

(ii) Terminate this Lease as to any or all Units without relieving Lessee of any of its obligations hereunder;

(iii) Take possession of the Units and for this purpose enter upon any premises of Lessee and remove the Units, without any liability or suit, action or other proceeding by Lessee and without relieving Lessee of any of its obligations hereunder;

(iv) Cause Lessee, at its sole expense, to promptly return the Units to Lessor in accordance with the terms and provisions of Section 17 hereof;

(v) Proceed by appropriate action either at law or in equity to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(vi) Exercise any other right available to Lessor at law or in equity. No right or remedy conferred on or reserved to Lessor by this Lease shall be exclusive of any other right or remedy herein or by law provided. All rights and remedies of Lessor conferred on Lessor by this Lease or by law shall be cumulative and in addition to every other right and remedy

available to Lessor. No failure on the part of Lessor to exercise and no delay in exercising any right or remedy hereunder shall operate as a waiver thereof unless specifically waived by Lessor in writing; nor shall any single or partial exercise by the Lessor of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy.

17. RETURN OF UNITS

At the expiration of this Lease, or at the direction of Lessor pursuant to Section 16 of this Lease, Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit returned to the Lessor pursuant to this Section 17 shall (i) be empty, free from residue, suitable for loading, be in the same operating order, repair and condition, and be in compliance with applicable AAR and FRA rules and regulations, including maintenance and repairs associated with the outlet gates, hatch covers, special fittings and appurtenant parts, as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, the Interstate Commerce Commission, the Department of Transportation, and any other legislative, administrative, judicial, regulatory or governmental body having jurisdiction in the matter, (iii) be free from any damage due to the abuse of the Unit, including but not limited to, any damage caused by cornering, sideswiping and derailment; and (iv) be jointly inspected by representatives of Lessor and Lessee. If any Unit is not delivered to Lessor on or before the Expiration Date, or is so delivered, but not in compliance with Section 5 hereto and this Section 17, each and every Unit shall remain on rental and obligations of Lessee under this Lease with respect to each and every Unit shall remain in full force and effect, provided, however, that in the further event that any Unit is not delivered to Lessor or is delivered to Lessor, but not in compliance with Section 5 hereto and this Section 17 within thirty (30) calendar days after the Expiration Date, the Base Rental for all Units shall, upon the expiration of such thirty (30) day period, be set at one and one-half times the Base Rental. Nothing in this Section 17 shall be construed as Lessor's authorization of the Lessee's use of the Units, or any Unit, after the Expiration Date.

For the purpose of delivering possession of the Units to the Lessor as above required, Lessee shall, at its own cost, expense and risk: (a) place the Units upon such storage tracks of Lessee as Lessor may reasonably designate for marshalling and joint inspection; (b) permit Lessor to store such Units on such tracks free of charge to Lessor for sixty (60) calendar days after the Termination Date and at the risk of Lessee until such

Units have been sold, leased or otherwise disposed of by Lessor, provided, however, that Lessor shall be entitled to continued storage of the Units on such tracks beyond the free sixty (60) calendar days at a storage rate not to exceed \$3.00 per Unit, per day; (c) transport the Units to any place on the lines of Lessee east of the Missouri River for interchange to any railroad within the United States as directed by Lessor; and (d) at Lessor's option, either prior to or after such movement(s) of the Units, with Lessor arranging for the restencilling of the Units and application of new AEI tags, reimburse Lessor for the costs of such restencilling and application of new AEI tags. Lessee's obligations in this Section 17 shall survive the Termination Date of this Lease. The assembly, delivery, storage and transporting of the Units as hereinbefore provided shall be at the cost, expense and risk of Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the matter, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Units. During any storage period, Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of the Units or any Unit, to inspect the same during normal business hours.

Without in any way limiting the obligation of Lessee under the provisions of this Section 17, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time, while the Lessee is obligated to deliver possession of any of the Units to Lessor, to demand and take possession of such Units in the name and on behalf of Lessee from whomsoever shall be at the time in possession of such Units. In connection therewith Lessee will supply Lessor with such documents as Lessor may reasonably request.

18. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be in writing and shall be deemed given when sent by United States Certified or Registered Mail, Return Receipt Requested, postage prepaid, addressed as follows:

TO LESSOR:	The David J. Joseph Company 300 Pike Street Cincinnati, Ohio 45202 Attention: Vice President Rail Equipment Leasing & Marketing Division
TO LESSEE:	Chicago and North Western Railway Company 165 N. Canal Street Chicago, IL 60606 Attn: Asst. V.P.-Equipment Distribution

or at such other place as the parties hereto may from time to time designate by notice, each to the other. If the term "Lessee" as used in this Lease refers to more than one person or entity, any notice, consent, approval, request, bill demand or statement given as aforesaid to any one of such persons or entities shall be deemed to have been duly given to Lessee.

19. INVALID PROVISIONS

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

20. MISCELLANEOUS PROVISIONS

(a) This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of Lessor and Lessee.

(b) This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

(c) The terms of this Lease and all rights and obligations hereunder shall be governed by the substantive internal laws of the State of Ohio. The invalidity or unenforceability of any particular provision of this Lease shall not affect the remaining provision hereof.

(d) No recourse shall be had in any respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer (past, present or future) of the Lessor.

(e) Lessee may not, by operation of law or otherwise, assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest herein, or sublet any of the Units, without Lessor's prior written consent. However, no consent shall be required for Lessee to assign this Lease to an entity that acquires substantially all of Lessee's assets or to a surviving entity in a merger with Lessee. This Lease is freely assignable by Lessor, in whole or in part, and upon delivery to

Lessee of notice of any assignment, the term "Lessor" as used herein shall refer to such assignee, and The David J. Joseph Company shall thereafter be relieved of all of its liabilities and obligations under this Lease.

(f) Nothing contained herein shall give or convey to Lessee any right, title or interest in and to the Units leased hereunder except as a lessee thereof, and the Units are and shall at all times be and remain the sole and exclusive property of Lessor.

(g) Any cancellation or termination of this Lease by Lessor, pursuant to the terms and provisions hereof, or any schedule, supplement, rider or amendment hereto, or any termination of the Term by lapse of time, shall not release Lessee from any then outstanding obligations and/or duties hereunder.

(h) Time is of the essence of this Lease.

(i) Notwithstanding anything contained in this Lease to the contrary, Lessor shall not be liable for its failure to perform any obligations of Lessor herein contained by reason of labor disturbances (including strikes and lockouts), war, riots or civil commotion, acts of God, fires, floods, explosions, storms, accidents, governmental regulations or interference, or any cause whatsoever beyond Lessor's reasonable control.

(j) To the extent there exists any conflict between the terms and provisions of this Lease and the terms and provisions of the Interchange Rules or the Codes of Car Hire and Car Service Rules of the Association of American Railroads, this Lease shall control.

(k) Lessee may not deprescribe the car hire rates on the Units, or any Unit, subject to this Lease without the prior written consent of the Lessor unless required by law.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the day and year first above written.

Signed and acknowledged
in the presence of:

Linda M. Faughner
(As to Lessor)

Wanda L. Lohr
(As to Lessor)

LESSOR:

THE DAVID J. JOSEPH COMPANY

BY: DJ McMillan

NAME: DOUGLAS F. McMILLAN

TITLE: VICE PRESIDENT

DATE: JUNE 29, 1995

Signed and acknowledged
in the presence of:

(As to Lessee)

(As to Lessee)

LESSEE:

CHICAGO AND NORTH WESTERN
RAILWAY COMPANY

BY: _____

NAME: _____

TITLE: _____

DATE: _____

IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the day and year first above written.

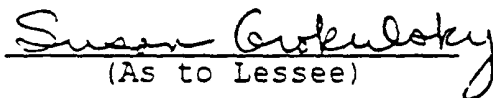
Signed and acknowledged
in the presence of:

(As to Lessor)

(As to Lessor)

Signed and acknowledged
in the presence of:


(As to Lessee)


(As to Lessee)

LESSOR:

THE DAVID J. JOSEPH COMPANY

BY: _____

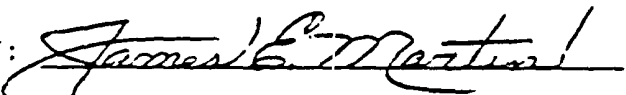
NAME: _____

TITLE: _____

DATE: _____

LESSEE:

CHICAGO AND NORTH WESTERN
RAILWAY COMPANY

BY: 

NAME: James E. Martin

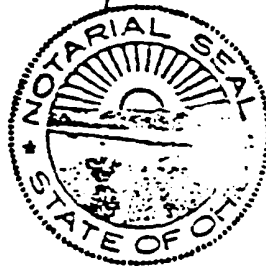
TITLE: Exec. Vice President Operations

DATE: June 28, 1995

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The foregoing instrument was acknowledged before me this 29th
day of June, 1995, by Douglas J. McMillan, the Vice President
_____ of The David J. Joseph Company, a Delaware
corporation, on behalf of the corporation.

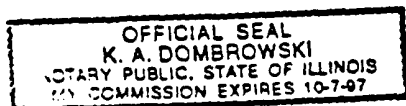
Julia R. Jones
Notary Public



JULIA R. JONES
Notary Public, State of Ohio
My Commission Expires Feb. 27, 2000

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this
28th day of June, 1995, by James E. Martin, the
Exec. VP Operations of Chicago and North Western Railway Company,
a Delaware corporation, on behalf of the corporation.



K. A. Dombrowski
Notary Public

EXHIBIT A

DESCRIPTION OF UNITS

Four Hundred Seventy-Two (472), 1979 Hawker Siddley-built, 4650
C.F. Covered Hopper railcars bearing reporting marks as follows:

CNW 460500 - CNW 460971, INCLUSIVE

EXHIBIT B

BASE RENTAL

\$309.00 per Unit, per month, payable in advance monthly.

EXHIBIT C

POINT OF TENDER

Any Chicago and North Western Railroad Company Interchange Point

EXHIBIT D

LEASE ACCEPTANCE CERTIFICATE

The undersigned, _____, the duly authorized representative of Chicago and North Western Railway Company (the "Company"), hereby certifies to The David J. Joseph Company ("DJJ") that the _____ railcar(s) bearing reporting mark(s) _____ (the "Unit(s)") has/have been delivered to the Company, has/have been delivered to the Company, has/have been inspected and meet(s) all regulatory requirements, and is/are in all respects acceptable to the Company. This certificate is being delivered pursuant to Section 3 of that certain Railroad Equipment Lease dated May 26, 1995, by and between the Company and DJJ.

IN WITNESS WHEREOF, the undersigned, being the _____ of the Company, does hereunto set his hand as of this ____ day of _____, 1995, on behalf of the Company.

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

By: _____

Print Name: _____

Print Title: _____

EXHIBIT E
TECHNICAL SPECIFICATIONS

MAY 26, 1995

The following are the specifications for four hundred seventy-two (472) covered hoppers now carrying FLIX reporting marks:

I SCOPE

It is the intent of this specification to provide the repair guidelines necessary to produce a rehabilitated 100-ton 4650 C.F. covered hopper that is structurally sound, meets all AAR and FRA requirements, is shipper acceptable and displays satisfactory paint protection.

II DESCRIPTION

The subject cars are 1979 Hawker Siddley-built, 4650 C.F., 100-ton covered hoppers. They are made of all steel and welded fabrication with rigid underframes, 10' hatch openings and 4 rack and pinion design outlet gates. The cars are equipped with Barber S-2 rod thru 100-ton trucks with D-5 springs. They have a combination of AB and ABD-type airbrake valves with body mounted brake cylinders. The cars also have E-60 couplers, Y-40 yokes, and Group "J" draft gears.

III WORK CONTENTS

A. DRAFT SYSTEMS

All couplers, yokes, and draft gears will be visually inspected. Any component not complying with the appropriate AAR Rule 16, 19, and 21, respectively, will be replaced with AAR-approved new, reconditioned, or secondhand material. All draft sills will be inspected and repaired, if necessary.

B. CAR BODY

The car body members such as side sheets, side posts, side sills, end sheets, and slope sheets, etc. will be closely inspected and repaired as required. If defective portions are replaced, the joints will be welded and reinforced as necessary. All corner posts and end support posts will be straightened if bent and reinforced if broken.

C. INTERIORS

All lading from the interiors will be cleaned, if required, prior to releasing to customer service. The interior compartment walls will be inspected. If found to have broken welds, they will be straightened and rewelded. If the interior wall is broken, it will also be straightened and rewelded.

D. HATCH COVERS

All hatch covers will be inspected for proper operation and watertight condition. If proper operation and watertight condition are not present, necessary repairs must be performed.

E. OUTLET GATES

All bottom outlet gates will be visually inspected and operated. If the outlet gates are not functioning properly, the necessary repair will be performed (NOTE: Outlet gates must require some type of mechanical device to operate other than hands only).

F. UNDERFRAME

The underframe members will be examined for damage and the appropriate action must be taken. Cracks or breaks in metal will be V'd out and welded with 100% penetration. AAR patches will be applied as required. Broken welds will be removed by torch or air-arc and joints rewelded.

G. TRUCKS/WHEEL SETS

All trucks will be inspected for compliance with AAR rules 47 through 50. Any item found to be worn will be repaired as necessary, including side frames and bolsters. All center plates will be inspected. If broken, they will be replaced. When truck repairs are completed, all center plates will be lubricated with a disc-type lubricant. All wheel sets and roller bearings will be inspected for compliance with AAR Rules 41 and 36, respectively. Any components found to be defective will be repaired or replaced as necessary.

H. AIRBRAKES

All cars will receive a repair track airbrake test. Any component failing the required test will be replaced with AAR-approved new or reconditioned material.

I. PAINTING

All cars will receive an exterior commercial grade sandblast and an application of exterior paint. The product must be manufactured by Williams Hayward. This coating must be applied with a minimum thickness of 4-1/2 mils D.T.M.

J. MISCELLANEOUS

All cars will comply with applicable AAR and FRA Rules and Regulations, including but not limited to, those items covered by this specification. AEI tags will be applied according to current AAR Rules.

EXHIBIT F

THE DAVID J. JOSEPH COMPANY

REPAIR CERTIFICATE OF ACCEPTANCE

CONTRACT SHOP: CHICAGO AND NORTH WESTERN RAILWAY COMPANY

The following railcars have been inspected and found to be in compliance with Section 4 of the Lease between Lessee and Lessor dated May 26, 1995, including specifications dated May, 26 1995, and included in the Lease as Exhibit E, covering repairs to four hundred seventy-two (472) covered hopper railcars:

OLD CAR NUMBER

NEW CAR NUMBER

THE DAVID J. JOSEPH COMPANY

Representative

Date: _____

EXHIBIT G

INSURANCE

- Property Insurance - self-insured retention at a minimum of the value equal to the then current casualty value as set forth in Exhibit H hereto, per Unit covered under this Lease.
- Liability Insurance - a minimum of \$5,000,000 self-insured retention.

EXHIBIT H

CASUALTY SETTLEMENT VALUE

The Casualty Settlement Value for the equipment covered under this Lease on a per Unit basis is in accordance with the following schedule:

<u>CASUALTY SETTLEMENT VALUE PER UNIT</u>	<u>AMOUNT</u>
From Commencement Date through Month 12	\$35,000.00
From Month 13 through Month 24	\$33,300.00
From Month 25 through Month 36	\$31,600.00
From Month 37 through Month 48	\$29,900.00
From Month 49 through Month 60	\$28,200.00
From Month 61 through Month 72	\$26,500.00
From Month 73 through Month 84	\$24,800.00
From Month 85 through Month 96	\$23,100.00
From Month 97 through Month 108	\$21,400.00
From Month 109 through Month 120	\$19,700.00
From Month 121 through Month 128	\$18,000.00

EXHIBIT A

Twenty (20), 1979 Hawker Siddley-built, 100 ton, 4650 cubic foot, covered hopper railcars bearing reporting marks as follows:

OLD NUMBER

NEW NUMBER

FLIX 2050	CNW 460548
FLIX 2094	CNW 460590
FLIX 2116	CNW 460611
FLIX 2123	CNW 460618
FLIX 2124	CNW 460619
FLIX 2137	CNW 460632
FLIX 2150	CNW 460642
FLIX 2154	CNW 460646
FLIX 2164	CNW 460655
FLIX 2171	CNW 460662
FLIX 2177	CNW 460668
FLIX 2187	CNW 460678
FLIX 2199	CNW 460690
FLIX 2232	CNW 460721
FLIX 2335	CNW 460813
FLIX 2413	CNW 460887
FLIX 2420	CNW 460894
FLIX 2431	CNW 460905
FLIX 2476	CNW 460949
FLIX 2491	CNW 460963

Forty-five (45), 1979 Hawker Siddley-built, 100 ton, 4650 cubic foot, covered hopper railcars bearing reporting marks as follows:

OLD NUMBER

NEW NUMBER

FLIX 2098	CNW 460594
FLIX 2107	CNW 460602
FLIX 2117	CNW 460612
FLIX 2128	CNW 460623
FLIX 2131	CNW 460626
FLIX 2148	CNW 460640
FLIX 2159	CNW 460651
FLIX 2167	CNW 460658
FLIX 2168	CNW 460659
FLIX 2180	CNW 460671
FLIX 2190	CNW 460681
FLIX 2236	CNW 460725
FLIX 2240	CNW 460729
FLIX 2274	CNW 460759
FLIX 2279	CNW 460764
FLIX 2283	CNW 460767
FLIX 2286	CNW 460770
FLIX 2296	CNW 460779
FLIX 2299	CNW 460782
FLIX 2305	CNW 460788
FLIX 2311	CNW 460793
FLIX 2321	CNW 460802
FLIX 2322	CNW 460803
FLIX 2324	CNW 460804
FLIX 2345	CNW 460822
FLIX 2350	CNW 460827
FLIX 2358	CNW 460833
FLIX 2366	CNW 460841
FLIX 2378	CNW 460853
FLIX 2382	CNW 460857
FLIX 2389	CNW 460864
FLIX 2404	CNW 460879
FLIX 2417	CNW 460891
FLIX 2428	CNW 460902

(CONT'D)

FLIX 2433
FLIX 2436
FLIX 2441
FLIX 2450
FLIX 2452
FLIX 2463
FLIX 2466
FLIX 2471
FLIX 2481
FLIX 2482
FLIX 2498

CNW 460907
CNW 460910
CNW 460915
CNW 460924
CNW 460926
CNW 460937
CNW 460940
CNW 460945
CNW 460954
CNW 460955
CNW 460970

DONELAN, CLEARY, WOOD & MASER, P.C.

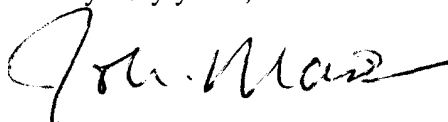
Letter to Honorable Vernon A. Williams
October 13, 1995
Page 2

A short summary of the document to appear in the index follows:

“Security Agreement, dated October 13, 1995, between
The First National Bank of Maryland, as Debtor, and
Aid Association for Lutherans, as Secured Party, relating to
the covered hopper railcars as identified in Exhibit A hereio.”

Once the filing has been made, please return to bearer the stamped counterparts not needed for your files, together with the fee receipt, the letter from the ICC acknowledging the filing, and the extra copies of this letter of transmittal.

Very truly yours,

A handwritten signature in black ink, appearing to read "John K. Maser III". The signature is fluid and cursive, with a long horizontal stroke at the end.

John K. Maser III
*Attorney for purposes of this filing for
Aid Association for Lutherans and
The First National Bank of Maryland*

Enclosures

0970-020